



# MEDIA RELEASE

STATE OF TENNESSEE  
BUREAU OF TENNCARE

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## **TENNCARE CONTRACT WITH FEDS STILL UNRESOLVED** MEDICALLY NEEDY MUST REMAIN CLOSED UNTIL CONTRACT IS RENEWED TO PROTECT ENROLLEE ELIGIBILITY

NASHVILLE, Tenn. — TennCare received a second extension from the federal government's Centers for Medicare and Medicaid Services (CMS) today that maintains TennCare's current contract, or waiver, through August 15, 2007. TennCare's federal waiver allows Tennessee's Medicaid program to operate a managed-care insurance model and also details the financial arrangements between the state and federal governments. The current waiver was set to expire June 30, 2007 until CMS granted a two-week extension that ended today. TennCare submitted its original request to renew the federal waiver 12 months ago.

"Unfortunately, we could not come to agreeable terms in the past two weeks based on the new proposal introduced by CMS only a day before our negotiations were expected to be finalized. As proposed, this new issue could cost Tennessee \$400 million over the next three years and would result in Tennessee being treated substantially less favorably than other states with similar federal agreements," said Darin Gordon TennCare director and Finance and Administration deputy commissioner. "While it's frustrating that this process was not completed months ago as expected, we are committed to seeing this negotiation through to a favorable outcome for our state and our TennCare program."

The new condition CMS is asking Tennessee to agree to would place additional caps on payments for hospitals. Other state's with similar uncompensated-care funding are not subject to this additional payment ceiling. TennCare officials have objected to the last-minute proposal because it would mean that Tennessee's health care dollars would be severely reduced at a time when the program is planning to open the new standard spend down category to adults.

"TennCare is negotiating with an extreme sense of urgency because the opening of our standard spend down program is on hold until the waiver can be renewed," said Gordon. "We are eager to offer adults a similar medically needy eligibility option that today is available to children and pregnant women."

Medically needy spend down is an optional eligibility category designed to provide a year of TennCare coverage for certain people whose unpaid medical bills are so high they face poverty. Medically needy spend down currently is open only to pregnant women and children. In November 2006, CMS agreed to allow TennCare to open a similar category for non-pregnant adults, called Standard Spend Down, however, federal rules prohibit actual enrollment in Standard Spend Down until CMS approves the TennCare waiver renewal.

TennCare is Tennessee's expanded Medicaid program, providing health insurance coverage to 1.2 million Tennesseans, including 640,000 children. For more information about TennCare visit [www.tennessee.gov/tennicare](http://www.tennessee.gov/tennicare)

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